

By: Smithee

H.B. No. 2956

A BILL TO BE ENTITLED

AN ACT

1
2 relating to certain binding arbitration provisions in certain
3 insurance and health benefit plan coverage documents.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Subchapter B, Chapter 1271, Insurance Code, is
6 amended by adding Section 1271.058 to read as follows:

7 Sec. 1271.058. PRE-DISPUTE BINDING ARBITRATION CLAUSE
8 PROHIBITED. (a) An evidence of coverage may not contain a provision
9 that requires the enrollee to arbitrate a controversy that arises
10 between the health maintenance organization or other entity
11 described by Section 1271.002(c) and the enrollee.

12 (b) This section does not prohibit an agreement between a
13 health maintenance organization and an enrollee to arbitrate a
14 controversy that exists at the time of the agreement.

15 SECTION 2. Subchapter B, Chapter 1701, Insurance Code, is
16 amended by adding Section 1701.063 to read as follows:

17 Sec. 1701.063. PRE-DISPUTE BINDING ARBITRATION CLAUSE
18 PROHIBITED. (a) An insurer may not use a document described by
19 Section 1701.002 if the document contains a provision that requires
20 the insured to arbitrate a controversy that arises between the
21 insurer and the insured.

22 (b) This section does not prohibit an agreement between an
23 insurer and insured to arbitrate a controversy that exists at the
24 time of the agreement.

1 SECTION 3. Subchapter B, Chapter 2301, Insurance Code, is
2 amended by adding Section 2301.0541 to read as follows:

3 Sec. 2301.0541. PRE-DISPUTE BINDING ARBITRATION CLAUSE
4 PROHIBITED. (a) Except as provided by Subsection (c), an insurer
5 may not use a form for personal automobile or residential property
6 insurance if the form contains a provision that requires the
7 insured to arbitrate a controversy that arises between the insurer
8 and the insured.

9 (b) This section does not prohibit an agreement between an
10 insurer and insured to arbitrate a controversy that exists at the
11 time of the agreement.

12 (c) This section does not apply to a binding arbitration
13 endorsement under Section 2210.554.

14 SECTION 4. Chapter 3501, Insurance Code, is amended by
15 adding Section 3501.004 to read as follows:

16 Sec. 3501.004. PRE-DISPUTE BINDING ARBITRATION CLAUSE
17 PROHIBITED. (a) An insurer may not use a form for credit
18 involuntary unemployment insurance if the form contains a provision
19 that requires the insured to arbitrate a controversy that arises
20 between the insurer and the insured.

21 (b) This section does not prohibit an agreement between an
22 insurer and insured to arbitrate a controversy that exists at the
23 time of the agreement.

24 SECTION 5. Subchapter C, Chapter 3502, Insurance Code, is
25 amended by adding Section 3502.1061 to read as follows:

26 Sec. 3502.1061. PRE-DISPUTE BINDING ARBITRATION CLAUSE
27 PROHIBITED. (a) An insurer may not use a form for mortgage

1 guaranty insurance if the form contains a provision that requires
2 the insured to arbitrate a controversy that arises between the
3 insurer and the insured.

4 (b) This section does not prohibit an agreement between an
5 insurer and insured to arbitrate a controversy that exists at the
6 time of the agreement.

7 SECTION 6. The change in law made by this Act applies only
8 to a policy, contract, certificate, evidence of coverage, rider, or
9 endorsement delivered, issued for delivery, or renewed on or after
10 January 1, 2014. A policy, contract, certificate, evidence of
11 coverage, rider, or endorsement delivered, issued for delivery, or
12 renewed before January 1, 2014, is governed by the law applicable to
13 the policy, contract, certificate, evidence of coverage, rider, or
14 endorsement immediately before the effective date of this Act, and
15 that law is continued in effect for that purpose.

16 SECTION 7. This Act takes effect September 1, 2013.